

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of

United States Telephone Association  
Petition for Rulemaking – 2000 Biennial  
Regulatory Review

RM 9707

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**REPLY COMMENTS OF BELL ATLANTIC<sup>1</sup>**

Bell Atlantic fully supports the United States Telephone Association's ("USTA's") petition for a comprehensive review of the Commission's rules pursuant to Section 11 of the Act. Bell Atlantic actively participated in the preparation of this petition as well as USTA's 1998 petition for comprehensive review, which the Commission rejected in favor of piecemeal reviews by the various individual bureaus. The results of those individual reviews demonstrate that a comprehensive proceeding is the only way to achieve significant regulatory reform. All of the parties commenting on the USTA petition agree that it is the best vehicle for achieving the Act's deregulatory goals.

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<sup>1</sup> The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, DC, Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company and New England Telephone and Telegraph Company.

Section 11 of the Act requires the Commission to conduct a review of “all” of its regulations every two years, and it states that the Commission “shall” repeal or modify any regulation that it determines to be no longer necessary in the public interest. 47 U.S.C. § 161. In the 1998 review period, the Commission conducted 31 proceedings into various sections of its rules, but these proceedings were limited primarily to housekeeping items and elimination of clearly obsolete provisions, such as the section on telephone franks. Meanwhile, the Commission has vastly expanded the scope and complexity of its regulations. This year alone, the Commission adopted orders imposing complicated and burdensome regulations and resulting in ever increasing micro-management of the incumbent local exchange carriers, such as the Advanced Services Order<sup>2</sup> (which imposed new requirements for collocation and spectrum management) and the UNE Remand Order<sup>3</sup> (which imposed new requirements for unbundled network elements, such as sub-loop unbundling).<sup>4</sup> The overriding policy of the Telecommunications Act of 1996 is to “provide for a pro-competitive, de-regulatory

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<sup>2</sup> Deployment of Wireline Services Offering Advanced Telecommunications Capability, 14 FCC Rcd 4761 (1999) (“Advanced Services Order”).

<sup>3</sup> Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking (rel. Nov. 5, 1999) (“UNE Remand Order”).

<sup>4</sup> The Commission also adopted new regulations in areas such as customer proprietary network information and access by persons with disabilities. *See Telecommunications Carriers’ Use of Customer Proprietary Network Information and Other Customer Information*, CC Docket No. 96-115, Order on Reconsideration and Petitions for Forbearance, FCC 99-223 (rel. Sept. 3, 1999); *Access to Telecommunications Service, Telecommunications Equipment and Customer Premises Equipment by Persons with Disabilities*, WT Docket No. 96-198, Report and Order and Further Notice of Inquiry, FCC 99-181 (rel. Sept. 29, 1999).

national policy framework” for the telecommunications industry. Joint Explanatory Statement, S. Conf. Rep. No. 104-230, p. 113 (1996). The Commission not only has failed to make progress towards this deregulatory goal, it is losing ground.

The need for regulatory reform is becoming especially urgent as the Telecommunications Act of 1996 promotes new forms of competition that blur the existing regulatory distinctions between different classes of providers. Cable companies have already sold over 900,000 modems that allow customers broadband access to the Internet, and analysts predict that as many as 7 million customers could get their phone service from cable companies within 5 years, up from about 130,000 at year’s end.<sup>5</sup> Competitive local exchange carriers claim that they lead the incumbent carriers in providing advanced digital subscriber line services over ordinary telephone loops.<sup>6</sup> Voice service over the Internet is doubling every two or three months, and revenues from Internet telephony are expected to reach \$480 million by the end of 1999, and \$19 billion by 2004.<sup>7</sup> Providers of these services are converging on a paradigm of meeting all of a customer’s needs for voice, data, video, Internet, and other communications services. And they are all subject to different regulatory restrictions (or none at all) depending on archaic classifications that are becoming increasingly irrelevant. For these reasons, one

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<sup>5</sup> *See* Kalpana Srinivasan, Cable Companies Providing Phone Service, Associated Press, Nov. 25, 1999; The Battle for the Last Mile, *The Economist*, May 1-7, 1999, p.1.

<sup>6</sup> *See* ALTS Press Release, ALTS’ Fall Education Seminar Proves Success of Telecom Act in Stimulating Broadband Data and Competitive Providers, Sept. 18, 1998.

<sup>7</sup> *See* IDC Forecasts IP Telephony Market, idc.com, Sept. 1, 1999; Ruth Suarez, Exploding VoIP To Give ISPs Competitive Advantage, *ISP Business News*, Oct. 4, 1999.

of the core objectives of the Act is to eliminate regulatory restrictions when increased competition makes those regulations no longer necessary to protect consumers.

The Commission should use the 2000 biennial review proceeding to make meaningful reductions in its regulatory oversight, not merely eliminate irrelevant provisions that have no real effect on the carriers' operations. Improvements in consumer welfare can only be obtained if the Commission eliminates rules that impose significant compliance costs on the carriers. *See* USTA, 7. For instance, the USTA proposals to set a firm date to eliminate the uniform system of accounts while immediately streamlining the accounting process, to freeze separations, and to reduce data reporting requirements could produce substantial savings.<sup>8</sup>

The best way to comply with the Section 11 biennial review requirements is to conduct a comprehensive review using consistent standards for evaluating all sections of the Commission's rules. The USTA petition provides a framework for such a review, including specific proposals for substantial streamlining of the Commission's rules.

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<sup>8</sup> Some of USTA's proposals, such as its revisions to Part 69 to provide additional pricing flexibility to price cap carriers, have already been addressed in the Commission's August 27, 1999 Fifth Report and Order in Docket 96-262. However, USTA's petition also includes pricing flexibility proposals for rate-of-return carriers as well as other streamlining proposals for Part 69.

## **Conclusion**

The Commission should use USTA's comprehensive proposal as a framework for the 2000 biennial review.

Of Counsel  
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Respectfully submitted,

By:   
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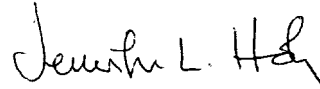
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Dated: November 30, 1999

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of November, 1999, copies of the foregoing Reply  
Comments were sent by first class mail, postage prepaid, to the parties on the attached list.

A handwritten signature in black ink, appearing to read "Jennifer L. Hoh", written over a horizontal line.

Jennifer L. Hoh

\* Via hand delivery.

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